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ABSTRACT

This report explains the importance of keeping personal records, describes types of records to keep, and suggests places in which to keep them and ways to organize them. Guidelines are offered for keeping the following types of records: (1) personal documents (family records, wills, passports, diplomas, and social security cards); (2) property records (real estate records and household inventories); (3) financial records (securities, pension and profit-sharing plans, bank accounts, and credit accounts); (4) insurance records; (5) tax records; and (6) health records. The guidelines include reasons to keep each type of record and how long to keep it. Suggestions are offered for keeping records in the home and in safe deposit boxes as well as methods and aids for organizing records. A chart is included which lists the preferred storage location, uses, and length of time to keep each type of record. Information in this report is current at the time of printing, April 1983, but is subject to change. (DC)

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Personal Record Keeping

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Maintaining a file of your personal documents and records can save you money, time, and trouble in many different situations. This report will help you decide what's important to keep and how long to keep it. It also offers ideas on organizing a record-keeping system.

A Matter of Records

Personal documents, household records, and important papers of various sorts are byproducts of everyday living. For instance, as soon as your birth was registered there was a birth certificate in your name, and the parade of papers continues throughout your life as you graduate from school, buy and sell property, marry, buy insurance, and pay taxes. For each of these activities or events, there's usually a record in the form of a certificate, license, receipt, policy, or canceled check.

These records can be important to you. In the future, they may help you:

- Provide evidence of a significant event, such as a birth or marriage, or an important transaction, such as the repayment of a loan.
- Recover losses from fire, theft, and other casualties.
- Organize such financial activities as budgeting and investment planning.
- Prove that you're entitled to services and benefits such as repair of products under warranty or collection of insurance proceeds.

Good record keeping can save you money, time, and trouble. It ensures that papers will be available when you need them without the cost and waiting time involved in obtaining duplicates, if duplicates are in fact available.

If you haven't been keeping many—or any—records, the following guidelines will help determine which records you ought to have on file. If, on the other hand, you've been indiscriminately saving papers for years, you still may be missing some important ones. You can use these guidelines to find what you need to complete your files and what you can weed out.

When deciding whether to keep or discard a paper, consider: How likely are you to need that paper in the future? If you didn't have the paper or the information it carries, would the consequences be minor or serious? Could you get the information some other way—is it on file somewhere else, and how quickly and easily (and at what cost) could you get it? Would a copy of the paper be suitable, or will only the original do?

Your answers to these questions will provide the foundation of a record-keeping system that's suited to your needs. The extent of those needs depends on whether, for instance, you itemize your deductions on your income tax returns or file one of the short forms, have wide ranging financial and investment concerns or just a few banking and credit accounts, or own your home or rent.

Whatever the extent of your records, most likely they'll fall into the general areas of personal documents and papers concerning property, finances, insurance, taxes, and health care. In addition to the records and papers that you receive in the course of these activities, you might find it useful to create other records for your own purposes. For example, you may want to develop a detailed description of your medical history, an inventory of your household possessions, an accounting of your investments, or a complete job history. Such records can be valuable as references, eliminating the need to review an entire file of papers.

Important Records for Your Files

PERSONAL DOCUMENTS Most personal documents that are recorded by either a government or the court should be kept permanently.

Key family records include birth, marriage, and death certificates; adoption papers; divorce and separation decrees; child custody and property settlement agreements; citizenship papers; and military service records.

These documents may be required to provide evidence of marital or family status, to obtain insurance proceeds, to prove citizenship or entitlement to military or other benefits, or to settle an estate.

Any of these papers may be difficult to replace, and you may decide that a safe deposit box is the most secure place for them. The best alternative is a fire-resistant container at home.

Wills Your will enables the court and your heirs to settle your estate according to your wishes. Because the original, signed document is irreplaceable for estate settlement, give special attention to its safekeeping by storing it either in your attorney's safe or your safe deposit box. In either case, find out who will have access to the will after your death. You may wish to keep a copy of your will in your home file.

Passports Required for most travel outside the country, a passport should be kept in your safe deposit box. Also, hold onto your expired passport, which could be used to satisfy some application requirements for a new one.

Diplomas Diplomas and school transcripts should be stored safely at home or in a safe deposit box. You may need them to show job qualifications or to continue your education.

Social Security Your Social Security card will be requested when you apply for benefits. You'll probably want to carry the card with you for reference, but keep the stub that came with it in a safe place so you'll have the number on record.

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PROPERTY RECORDS Records for both personal and real property (real estate) serve numerous purposes: proving ownership, selling property, pledging property as security for a loan, determining insurance needs, documenting insurance claims, and supporting claims you make to prospective buyers.

Real Estate Records Many of your real estate records will be useful even after you've sold the property; that is, they will document the capital gains or losses you claim on your income tax return.

Real estate records include deeds, title papers, mortgage documents, tax assessment notices, papers showing the price you paid for the property (including lawyers' fees and other settlement costs), and papers showing the price when you sold.

Records of capital improvements include bills and receipts that show the cost of the improvements. You'll need the information to figure your capital gain or loss when you sell and, for energy-conservation improvements such as insulation, to back up your claim for a state or federal income tax credit.

Many of these papers can be replaced only with difficulty. Consider keeping your deed and title papers in a safe deposit box.

Household Inventory An inventory of your possessions will be vital if you ever have to make homeowners' or tenants' insurance claims because of fire, theft, or some other casualty.

In your inventory, describe each article and record as many details as you have, including the date of purchase and the original cost. You may also want to keep photos of your rooms or particular possessions with your inventory to help substantiate any ownership and value claims. For the same reason, appraisals of such especially valuable property as art, furs, and jewelry should be carefully filed.

Keeping a copy of your inventory in your safe deposit box is a smart move, but at the very least choose a fire-resistant box at home. Don't forget to date each inventory you take and update it at least once a year.

Records of valuables should be saved as long as you own them, since a loss not paid for by your insurance company could be a casualty or theft deduction on your federal income taxes. You can deduct the amount of your losses (minus $100 for each casualty or theft) that exceeds 10% of your adjusted gross income. You'll need to prove that you actually owned what was stolen or destroyed and that the loss was as large as you claim. So, save sales slips, canceled checks or photocopies, and other papers that establish the value of these possessions.

FINANCIAL RECORDS Closely related to property records are certificates and records for securities, pension and profit-sharing plans, bank accounts, and credit accounts. These papers will help you figure income taxes, determine profits and losses, and make buy-and-sell decisions.

Securities Securities such as stocks and bonds that are lost, stolen, or destroyed can be time-consuming or difficult to replace, so you may not want to keep them at home. Instead, you can store them in your safe deposit box or in your bank's or broker's vault. When you purchase securities, find out whether your bank or broker offers safekeeping services or facilities.

To sell your stocks and bonds or pledge them as security for a loan, you'll need the actual certificates. Your heirs may also need the certificates to settle your estate.

When you buy or sell a stock or bond, file the broker's purchase or sales statement with your current tax records.

It's also a good idea to record certain information about your securities for your home file as a convenience in financial planning. For each stock and bond, your list should include the full name of the issuer (including series, if any), the certificate or serial number, purchase date and price, selling date and price, profit or loss, and where the certificate itself is kept. Additional notations on bonds include denomination, interest rate, date of payments, first call date (if any), maturity date, and yield to maturity at time of purchase.

You should also keep ongoing records for dividend dates and payments since dividends may affect the gain or loss reported for tax purposes when the shares are sold.

Pension and Profit-Sharing Plans Records for pension or profit-sharing plans should note the dates and amounts of contributions from you and your employer and the benefits received or due. Keep the most recent information from your employer or union explaining your benefits, along with the name of a contact or agent for benefit claims. If your plan permits you to hold the annuity policy, consider filing it in your safe deposit box. If you stop working for an employer in whose plan you are vested, also keep records of any deferred annuities that you'll receive at retirement.

If you're already receiving income from a retirement plan, your former employer or the financial institution that administers your plan may be withholding federal income taxes from your payments. Any taxes withheld will be reported on your year-end statement of beneifts, which you should file with your tax records.

Bank Accounts Procedures vary from one financial institution to another regarding replacement of lost checkbooks, savings receipt books, passbooks, and savings certificates and receipts. However, you'll find it easier to report any loss if you have identifying information on the account, such as your account number, in your home file.

Your heirs will also need information on your bank accounts to settle your estate. Consider keeping a list of each account, noting the name of the financial institution, names of co-holders of the account, account number, type of account, and rate of interest, if any. Keep copies of the agreements you sign authorizing automatic deductions from your accounts.

You should keep complete and up-to-date entries in your checkbook register for each check you write. When you fill a register, file it with your checking account statements. If you have your canceled checks stored on microfilm by the bank rather than returned to you, your register may be the only record you have to compare with your checking account statement. Also, a complete register can help you identify information you may need later to prepare your tax returns or request a photocopy of a canceled check, for example.

You'll also want to keep your annual statements of interest earned on your savings accounts as part of your tax records for those years.

Credit Accounts In your home file, keep copies of your retail credit and installment loan contracts. These documents specify credit terms and may be required for tax purposes or to settle differences with the creditor. Also, don't forget to file promissory notes and records of what others owe you.

Rather than rely on memory, you may want to make a list of payment dates and amounts due on each account to supplement your loan payment books or statements from creditors. Save charge account tissue receipts long enough to compare them against your account statement, and save your canceled check or receipt until your statement shows that the payment has been credited.

If you arrange your credit cards face down on a photocopy machine, you'll have a simple-to-file, one-page record of the card issuers' names and your account numbers. Write in the issuers' telephone numbers; if the cards are lost or stolen, you'll be able to report their absence immediately.

INSURANCE RECORDS Your insurance documents and records are necessary to make claims, to evaluate your coverage periodically, and to help your heirs settle your estate. Policies you hold might include title, life, fire, theft, accident, health, liability, and auto.

You may decide to keep policies at home so that you can easily check their provisions when making claims or reviewing coverage. If so, cross-reference by filing a list of all your policies in your safe deposit box. Important information to record about each policy includes: name of insurance company and agent, type and amount of coverage, policy number, names of those insured, beneficiaries, amount and due date of premiums, and a record of payments and claims.

If your agent doesn't give you a receipt for your payment, keep the canceled check until you receive the next premium notice. If your canceled checks aren't returned to you or your insurance premiums are deducted automatically from your checking account or paycheck, keep your checking account statements or pay stubs with any payment slips you receive.

TAX RECORDS Income tax records are

Guidelines for Personal Record Keeping

TYPES OF RECORDS	PREFERRED LOCATION	USES	HOW LONG TO KEEP
Personal and Family			
Birth, marriage, death certificates; adoption and custody papers; citizenship papers; divorce and separation decrees; military papers; property settlement agreements	Safe deposit box	Settle estate; obtain insurance and other benefits; provide evidence of marital or family status; prove citizenship	Permanently
Passports	Safe deposit box	Prove citizenship; travel in most foreign countries	Until expired, perhaps longer (see text)
Social Security card	Carry card; file stub at home	Obtain benefits; provide identification number for employment and tax purposes	Permanently
Diplomas, school transcripts	Home file or safe deposit box	Satisfy requirements for job or additional education	Permanently
Will	Signed original with attorney or in safe deposit box; copies in home file and/or safe deposit box	Settle estate	Permanently
Property			
Real property (real estate): deeds, title papers; mortgage and other lien documents; tax assessment notices; purchase contracts; records of capital improvements	Safe deposit box	Document insurance claims; pledge as security for a loan; prepare tax returns; sell property; settle estate	Duration of ownership; longer as needed for tax purposes
Inventory of household possessions; appraisals; sales receipts	Safe deposit box; copy in home file	Prove ownership; document worth for insurance or at sale	Permanently (update at least once a year)
Motor vehicle titles, purchase receipts, license and registration; service and repair records	Service and repair records in home file; other papers in safe deposit box	Prove ownership; sell vehicle	Duration of ownership
Financial			
Stocks, bonds, and other securities	Securities in broker's or bank's vault or safe deposit box; description of portfolio in home file	Figure taxes, net worth; make buy and sell decisions; settle estate	Duration of ownership; longer as needed for tax purposes
Bank accounts: checking account registers, statements, unused and canceled checks (or photocopies); savings account statements, receipt books, passbooks, time deposit certificates and receipts	Savings certificates and list of all bank account numbers in safe deposit box; others in home file	Deposit and withdraw funds; figure taxes; plan budget; settle estate	Canceled checks, account statements, and check registers as long as needed for tax purposes; other papers for duration of account
Credit accounts: list of credit cards; credit contracts; loan agreements; records of credit payments and account statements	Home file	Prove payments; figure taxes, net worth; settle estate	Duration of account or obligation; longer as needed for tax purposes
Insurance			
Policies and records of claims made and paid	Policies, records of claims and payments in home file; list of policies in safe deposit box	File claims; settle estate	Policies until expired (or until claims settled); claim and payment records as needed for tax purposes
Taxes			
Copies of past returns; receipts and records of deductible expenses, income, and tax payments	Copies of returns, canceled checks or check registers, and statements in safe deposit box; supporting documents in home file	Prove deductions in case of audit; figure future returns on income-averaging basis	Minimum of six years (see text)
Health			
Medical history; records of current prescriptions	Home file	Provide information needed for emergency or routine medical treatment	Permanently (update as needed)

an excellent example of how good record keeping can save you time, trouble, and especially money. If you itemize deductions, complete records are imperative.

By law you're required to keep records that will enable you to complete an accurate tax return. This means all receipts, canceled checks or check registers, vouchers, and other evidence to help you prove amounts claimed as deductions or credits. You may want to make additional notations on receipts for charitable donations, itemizing the goods and their market value and filing any appraisals with your other tax records.

Categories for filing records of deductible expenses include medical/dental, taxes (real estate, personal property, and so on), interest expense, and contributions. Don't forget to file your earnings statement from your employer.

You'll find complete information on tax records in Internal Revenue Service (IRS) Publication 552, *Recordkeeping Requirements and a Guide to Tax Publications*. Updated annually, it's available free by contacting your local IRS office. For more guidelines, check Report #9 in this series, *Income Tax Organizer*.

Copies of income tax returns, supporting documents, and canceled checks or check registers that show additional tax paid should be kept at least six years. That's because, to audit your return, the IRS normally has three years from the date it was due or filed. However, if you've underreported your gross income by more than 25%, the IRS can audit your return up to six years after the return was filed. Five years' tax returns are necessary to take advantage of income averaging.

It's a good idea to keep copies of your returns and the canceled checks or check registers in your safe deposit box. You may decide to store supporting documents in your safe deposit box as well; however, their bulk makes them better suited for home storage.

HEALTH RECORDS When it's necessary to consult a new doctor, having a copy of your medical history will save time and may spare you the expense of repeating previous tests and procedures.

If your doctor or insurance agent doesn't have a booklet for recording your medical history, you can send $1 to the American Medical Association (AMA) for its *Family Health Record*. The address is AMA, Order Department, 535 North Dearborn Street, Chicago, IL 60610.

In addition to your medical insurance policies, keep records, with dates and appropriate details, of immunizations and booster shots, infectious diseases (such as chicken pox and measles), accidents, major illnesses and surgery, pregnancy and childbirth, and lab tests.

Record each household member's blood type and any food and drug allergies. Make entries for routine medical checkups and screenings, and note dental visits by date and work performed.

It's also helpful to have a record of eyeglass prescriptions, hearing aids, braces, dental plates, and special shoes. The more specific the information, the easier it is to obtain a replacement.

In addition to your passport, certain countries you visit may wish to see your immunization documents. The Department of Public Health can tell you which countries require which papers. For information, contact your area office, listed in the white pages of the telephone directory under your county government or under "Public Health Department."

Spaces and Systems

Once you've decided which papers to keep, you'll need to decide how to organize them.

SPACES Keeping all your records in one place makes the job easier and more efficient.

Good organization depends first of all on a place to be organized, whether it is part of the kitchen, study, or bedroom. The actual record center may be just a drawer or two, a separate desk, or a steel filing cabinet.

In planning for home record storage, look to a system that can grow with your needs. For example, in the beginning one locking, standard size "personal file" box may suffice for the papers you intend to keep. Buy in sizes you know you can match to allow for the orderly expansion of your system.

Other places to file include:

- Insulated, metal home safes with combination locks.
- Accordion or expanding files made of heavy paper or cardboard.
- Portable metal files, which have handles, often have locks, and preferably are marked "fire-resistant."
- File card boxes for keeping track of business cards and other small papers that might be lost in larger containers.

One word of warning: Don't assume that any metal container you purchase is fireproof. An insulated steel box, labeled "fire-resistant," is only guaranteed to protect its contents against fire for one hour.

Safe Deposit Boxes A safe deposit box in a bank or other financial institution may well be the safest of your record-keeping spaces. Few homes offer an arrangement equal to it for protection from fire or theft. Boxes are located in a vault with tightly controlled access. You're required to sign an entrance ticket, and your signature is compared to the one on your signature card in order to verify your identity. An employee accompanies you to your box and opens one of its locks using the institution's key. Your key opens the other lock. Be sure to safeguard your keys, since the institution does not have duplicates.

Among your papers at home, file the following information about your safe deposit box: the name and address of the financial institution, the box and key number, the location of keys, the names of any co-renters, and a dated list of the box's contents.

SYSTEMS Probably the easiest way to organize your records will be according to type—financial, insurance, and so on. Within general categories you can create as many subdivisions as you need.

Chances are you'll want to establish files in other categories. For example, you may have hobbies and special interests, such as collecting, that require record keeping.

If you're just starting a career, you may find it useful to develop a file for your resume, letters of recommendation, and other job-related materials. As your career progresses, it's helpful to keep in one place a record of each job, with starting and ending dates, salary and title changes, and supervisors' names. Filling out a job application may require some of these details that often aren't included in your resume.

Organizing Aids You don't have to develop a record-keeping system entirely on your own: various aids are available to smooth the way.

For example, many office supply and stationery stores sell notebooks that are intended primarily as an aid to estate settlement. These notebooks can be used to record information on your personal assets, insurance coverage, and investments.

University of California's Cooperative Extension Service publishes a booklet, *Important Personal and Family Records*, for keeping track of personal possessions and financial worth. Single copies are available free from area offices listed in the white pages of the telephone directory under your county government listings or under "University of California."

However you organize your files, it's a good idea to let other members of your household know what your system is so that they can find important papers quickly in your absence, if the need arises. To keep your system uncluttered and efficient, you should review your files at least once a year. Discontinue files you no longer need, create new ones where appropriate, and perhaps transfer material from active to storage files. January is an opportune time for this task—just before you start working on your tax returns.

Information in this report is current at the time of printing, April 1983, but is subject to change.

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